

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, MARCH 13, 2012

The meeting of the State Properties Committee was called to order at 10:09 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: John Ryan representing the Rhode Island Department of Administration in the absence of Robert K. Griffith; Richard Woolley representing the Rhode Island Department of Attorney General; and Andrew Marcaccio representing the Rhode Island Office of the General Treasurer, Ex-Officio Member. Lawrence S. Eichler, Public Member, is unable to attend today's meeting. Others in attendance were Anthony Robinson from the State of Rhode Island General Assembly; Kelly Carpenter from the Rhode Island Senate Fiscal Office; Paul Carcieri, Susan Howe and Robert B. Jackson from the Rhode Island Department of Transportation; Larry Mouradjian, Joseph Dias, Lisa Primiano and Terri Bisson from the Rhode Island Department of Environmental Management; Katherine Trapani from the Quonset Development Corporation.

Chairman Renaud stated for the record that the State Properties Committee did have a quorum present.

A motion was made to approve the minutes of the State Properties Committee meetings held on October 25, 2011; January 17, 2012; February 14, 2012 and February 28, 20112 by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

ITEM A – Department of Environmental Management – A request was made for approval of and signatures on a Recreation Easement, by and between the Town of Westerly and the Department of Environmental Management over four (4) acres of land located at 116 Canal Street in the Town of Westerly; known as the Ainsworth Property. Ms. Primiano explained that the Department is assisting the Town of Westerly

(the “Town”) in acquiring the subject parcel which is part of the Town’s Greenway. The funding for this acquisition comes from a grant that was awarded to the Town from the Department back in 1999. Ms. Primiano indicated that the Town has been through a huge development process and has prepared an action plan over the course of several years. The Town is now able to close on this property which will be redeveloped into a public access point, canoe launch and education center. Mr. Dias stated that the Town very much wanted to create a “River Walk”; however, not all of the businesses along the route agreed with the Town’s intended plan due to the potential for liability exposure. The Town then redirected its ambition toward acquiring a couple of small parcels of land and developing some recreational parks. A motion to approve was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

ITEM B – Department of Environmental Management – A request was made for

approval of and signatures on a Warranty Deed, by and between Tarbox Realty, Inc. and the Department of Environmental Management for the acquisition of 4.12 acres of land and buildings located at 1100 Tower Hill Road in the Town of North Kingstown. Mr. Dias stated that the subject property is being acquired for purposes of relocating the Department's Pawtuxet storage facility which was destroyed during the extensive flooding which occurred in March of 2010. The new facility will also house heavy equipment and eventually the Division of Parks and Recreation will relocate its operation to this location. Mr. Dias stated that John Leyden, Building Commissioner for the State of Rhode Island, and staff inspectors thoroughly examined the facility. They noted that the building is suitable for the Department's needs and made some recommendations relative to certain electrical cords and other items that should be removed prior to the Department taking occupancy of the facility. Mr. Dias indicated that a Department electrician will take care of these matters once the Department closes on the property. Ms. Primiano indicated that the Department has conducted thorough due diligence including all suggestions made by the State Properties Committee. Mr. Dias stated that despite the initial appraisal and auction concerns associated with the purchase of the subject property, the parties have agreed upon a purchase price and with the Warranty Deed prepared and funding in place, the Department will be ready to close on Thursday, March 15, 2012, subject to the approval of the State Properties Committee. Chairman Renaud commended both the Department of Environmental Management and the

Department of Administration for their thoroughness in taking all precautions and conducting all due diligence to bring this acquisition to fruition in such an expedient manner. A motion to approve was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for approval of and signatures on a Warranty Deed, by and between Rhode Island Boy Scouts and the Department of Environmental Management for the acquisition of 189 acres of land located along Buck Hill Road in the Town of Burrillville. Ms. Primiano

explained that she was previously before the Committee to add a five (5) acre parcel of land to the subject acquisition. This five (5) acre parcel is being acquired at no additional cost to the Department/State.

Ms. Primiano indicated that the total purchase price is \$900,000.00, with a mere \$83,000.00 in Department Open Space bond funds being contributed. The US Fish and Wildlife Service and The Nature Conservancy are contributing \$367,000.00 and the remaining \$450,000.00 respectively. The subject property is located within the Buck Hill Management Area and the George Washington Management Area in the northwestern portion of the State. Ms. Primiano indicated that the property will be open for public use and access. The Boy Scouts have not used this facility for quite some time. Their major camp is nearby slightly further east of the subject property. Chairman Renaud asked how much land the Boy Scouts continue to own in this area. Ms. Primiano estimated that the Boy Scouts still

own between 200 and 300± acres of land in the nearby vicinity. Ms. Primiano stated that because several scouting groups are downsizing and consolidating their operations, they have approached the Department concerning the sale of some of their landholdings over the past few years. Mr. Woolley asked if the Boy Scouts will be allowed to use the property for camping once it is transferred to the Department. Mr. Mouradjian noted that as their primary camping facility is so nearby, he does not foresee a need for the Boy Scouts to utilize the subject property. However, Mr. Mouradjian indicated that if such a request were made, it would more than likely be granted by the Department. Mr. Woolley asked if the public will be allowed to utilize the property for camping. Mr. Mouradjian explained that as this property is part of a management area and not intended for recreational purposes, the public's use of the property will be limited to specific activities; camping is not among those activities. Chairman Renaud asked if the National Guard would be allowed to conduct drills on the property. Mr. Mouradjian indicated that the Department has entertained special event requests to allow the National Guard to utilize these properties during the off season to conduct drills. A motion to approve was made by Mr. Ryan and seconded by Mr. Woolley.

Passed Unanimously

ITEM D – Department of Environmental Management – A request was made for

approval of and signatures on an Indenture of Lease, by and between the Department of Environmental Management and J&D Realty

Holdings, LLC for Lots 223, 224, 226, 254

and 255 located within the Port of Galilee in the Town of Narragansett.

Ms. Bisson indicated that Items D and E are related in that J&D Realty Holdings, LLC and RI Engine Co. are sister companies, as one is involved in the direct repair and maintenance of vessels in support of the commercial fishing industry, while the other is responsible for the administration duties, sales and purchase of supplies. Ms. Bisson noted that these two companies lease a total of eight (8) lots within the Port of Galilee which have been governed by five (5) separate lease agreements. Ms. Bisson explained that the Department is trying to consolidate these leases to reduce the administrative burden for both the Department and the tenants. Ms. Bisson stated that this consolidation is further progress toward the Department's goal to develop a more efficient system regarding leases in the Port of Galilee. That being said, Ms. Bisson explained that J&D Realty Holding, LLC will occupy five (5) lots and will pay the rate of .70 cents per square foot in accordance with the current appraisal report for these types of lots in the Port of Galilee. Ms. Bisson noted that said rate is not expected to change under the updated appraisal report. The new appraisal report for the Port of Galilee is presently being prepared and will be presented to the State Properties Committee for its consideration in the near future. Ms. Bisson explained that in the event the value of the land does increase with the new appraisal, the Department is allowed to raise the rental fee in accordance with the terms and conditions of the subject Indenture of Lease. Ms. Bisson indicated that the tenants are

required to secure and maintain both liability and property damage insurance coverage in an amount as indicated in the Department's submission memorandum. A detailed discussion ensued regarding issues such as default, late payments of rent, rental fee increases, the method utilized to establish rental rates for property located within the Port of Galilee and the Department's policies and procedures to obtain relief when tenants fail to comply with the terms set forth in the lease. At the conclusion of said discussion, a motion to approve was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

ITEM E – Department of Environmental Management – A request was made for

approval of and signatures on an Indenture of Lease, by and between the Department of Environmental Management and RI Engine Co. for Lots 222, 225 and 227 located within the Port of Galilee in the Town of Narragansett. Ms. Bisson reiterated that this request is related to Item D in that the Department is seeking to consolidate three separate leases into a single lease for the above-referenced lots. After reviewing the Indentures of Lease for these items, Chairman Renaud recommended that going forward all leases include standard language that requires a tenant to provide the Department with thirty (30) days written notice prior to canceling their existing liability and/or property damage insurance policies. Mr. Mouradjian stated that the Department would gladly include said language in all its Indentures of Lease. Mr. Ryan noted that Section (a) of the Prior Termination provision states: if the premises or any part thereof is

desired by Lessor for an alternative public use...; Mr. Ryan asked if said language allows the Department to lease its property for a different use in the event the entire Port of Galilee Plan were to change. Mr. Mouradjian explained that the property was acquired with deed restrictions that said the property shall be managed specifically in support of the commercial fishing industry, which obviously creates a deed restriction compliance issue. The Port of Galilee Management Plan established a management strategy which was adopted and agreed upon by both the Town of Narragansett and the Department. Mr. Mouradjian stated that at that time the strategy allowed for a combination of commercial uses that were necessary to establish a working port such as restaurants and some other preexisting grandfathered uses. However, ultimately the identified uses include grocery stores and seafood retail markets, etc. Mr. Mouradjian stated that the Department's management of its lots has not changed since the Plan was developed. Mr. Mouradjian stated that the Town of Narragansett has asked that the Department sit at the table to revisit a modification of said Plan. Therefore, as new ideas, demands or public accommodations are considered, it is possible that the Plan could be amended and possibly properties identified with bulkhead access which are located off the main road could be examined for other uses. However, Mr. Mouradjian indicated that at this time, the Department adheres to the Plan as established as strictly as possible. A motion to approve was made by Mr. Ryan and seconded by Mr. Woolley.

Passed Unanimously

ITEM F – Department of Environmental Management – A request was made for

approval of and signatures on an Indenture of Lease, by and between the Department of Environmental Management and Michael Henry for a single family residence located at 1090 Tower Hill Road in the Town of North Kingstown. Ms. Bisson indicated that this request is related to Item B. Ms. Bisson stated that this Indenture of Lease is for a dwelling situated on the property located at 1100 Tower Hill Road in North Kingstown which the Department is in the process of acquiring.

Ms. Bisson explained Michael Henry entered into a lease agreement with the previous property owner. The expiration date of Mr. Henry's existing lease is October 31, 2012. Ms. Bisson explained that the Department will allow Mr. Henry to continue to occupy this dwelling until said expiration date; however, he will enter into a short term Indenture of Lease with the Department. Under this short-term Indenture of Lease, Mr. Henry will continue to pay rent in the amount \$1,050.00 per month, which is comparable to the US HUD rental rates for a two-bedroom home in that area. Mr. Bisson explained that Mr. Henry is the son of the owner of Mike's Auto Body which is a neighboring tenant. Throughout his tenancy, Mr. Henry has acted as an unofficial caretaker for both his Father's property as well as the Tarbox property and indicated that he will continue to monitor the property on behalf of the Department until he vacates the residence in October. A motion to approve was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

ITEM G – Department of Transportation – A request was made for conceptual

approval to sell 16.2 acres of State-owned property designated as Plat 2585A, Parcel 2 (former GSA Parcel) abutting Route 403 and adjacent to the West Davisville Industrial Park in the Town of North Kingstown to the Quonset Development Corporation (“QDC”). Mr. Jackson presented a site plan illustrating the location of the subject property and QDC’s proposed modification of the same. Mr. Jackson stated that the Department is seeking to convey said property to the QDC at fair market value. Mr. Jackson indicated that the Department acquired the parcel by deed from the Federal General Services Administration (“GSA”) on May 20, 2003, to permit the formation of a portion of the Relocated Route 403 right-of way, and to provide a staging area for the Relocated Route 403 and the Freight Rail Improvement projects. Mr. Jackson noted that the acquisition included a restriction stipulating that if the property is not used for transportation purposes that it shall revert back to the GSA. Mr. Jackson stated that QDC’s intended use of the property is transportation related. Ms. Trapani stated that the QDC wishes to relocate the rail lines in order to create some developable property within the parcel as the property is currently landlocked by the rail lines. Using an aerial photograph of the subject property and the surrounding area, Ms. Trapani was able to clarify QDC’s plan for the

relocation of the rail lines. Mr. Jackson noted that the deed conveying the property will contain a restriction providing for the property's reversion to GSA if the QDC use of the property is for a non-transportation related purpose in the future. A motion to approve was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

The Committee may move to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public relating to the following item:

A motion to enter into Executive Session was made by Mr. Woolley and seconded

by Mr. Ryan:

A roll call vote was taken and the votes were as follows: Chairman Renaud voted "Aye," Mr. Ryan voted "Aye" and Mr. Woolley voted "Aye."

After a detailed discussion relating to Executive Session Item E1

concluded, a motion to return to the open session of the State Properties Committee meeting and to seal the Executive Session minutes until such time as said matter is resolved was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

Upon returning to open session at 10:50 a.m., the Committee proceeded to vote relative to Item E1 presented in Executive Session: ITEM E1 – Department of Transportation – A request for permission to proceed with the acquisition of easements in connection with the project referred to as the Replacement of General Nathanael Green Memorial Bridge located on Laurel Avenue in the Town of Coventry by virtue of Condemnation Plat 2747 A. After discussion in Executive Session, a motion was made to approve Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:51 a.m. The motion to adjourn was made by Mr. Woolley and seconded by Mr. Ryan.

Passed Unanimously

Holly H. Rhodes, Executive Secretary